

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION



**BUDGET
ESTIMATES**

FISCAL YEAR 2006

CONGRESSIONAL SUBMISSION

PRIVILEGED

The information contained herein must not be disclosed outside the Agency until made public by the President or by the Congress.

Department of Commerce
National Oceanic and Atmospheric Administration
Fisheries Finance Program Account
Contribution to the NOAA Strategic Planning Goals and Objectives
(Dollar amounts in thousands)

Fisheries Finance Program Account	FY 2004 Actuals		FY 2005 Currently Available		FY 2006 Base Program		FY 2006 Estimate		Inc/Dec from Base	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Ecosystems										
Ecosystems	-	989	-	1,368	-	-	-	60	-	60
Total ECO	-	989	-	1,368	-	-	-	60	-	60
Total Fisheries Finance Program Account	-	989	-	1,368	-	-	-	60	-	60

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Department of Commerce
National Oceanic and Atmospheric Administration
Fisheries Finance Program Account
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

		Positions	FTE	Appropriation	Budget Authority	Direct Obligations
FY 2005 Appropriation Available		-	-	629	1,368	1,368
less: Obligations from prior year balances		-	-		-	-
less: Recoveries from prior years		-	-		-	-
plus: 2006 Adjustments to base		-	-	(629)	(1,368)	(1,368)
FY 2006 Base		-	-		-	-
plus: 2006 Program Changes		-	-	60	60	60
FY 2006 Estimate		-	-	60	60	60

Comparison by activity/subactivity		FY 2004		FY 2005		FY 2006		FY 2006		Increase/	
		Actuals		Currently Available		Base Program		Estimate		Decrease	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Fisheries Finance Program Account	Pos/BA	-	989	-	1,368	-	-	-	60	-	60
	FTE/OBL	-	2,897	-	6,512	-	-	-	60	-	60
Total: Fisheries Finance Program Account	Pos/BA	-	989	-	1,368	-	-	-	60	-	60
	FTE/OBL	-	2,897	-	6,512	-	-	-	60	-	60

Department of Commerce
National Oceanic and Atmospheric Administration
Fisheries Finance Program Account
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

	FY 2004 Actuals		FY 2005 Currently Available		FY 2006 Base Program		FY 2006 Estimate		Increase/ Decrease	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Direct Obligation	-	2,897	-	6,512	-	-	-	60	-	60
Total Obligations	-	2,897	-	6,512	-	-	-	60	-	60
Adjustments to Obligations:										
Recoveries	-	-	-	-	-	-	-	-	-	-
Unobligated balance, adj. SOY	-	(1,457)	-	(2,446)	-	(2,446)	-	(2,446)	-	-
Unobligated balance, end of year	-	2,446	-	2,446	-	2,446	-	2,446	-	-
Mandatory Appropriation	-	(2,897)	-	(5,144)	-	-	-	-	-	-
Total Budget Authority	-	989	-	1,368	-	-	-	60	-	60
Financing from Transfers:										
Transfer to ORF	-	-	-	1	-	-	-	-	-	-
Transfer from ORF	-	-	-	(247)	-	-	-	-	-	-
Transfer from PCSRA	-	-	-	(493)	-	-	-	-	-	-
Net Appropriation	-	989	-	629	-	-	-	60	-	60

Department of Commerce
National Oceanic and Atmospheric Administration
Fisheries Finance Program Account
SUMMARY OF FINANCING
(Dollar amounts in thousands)

	FY 2004 Actuals	FY 2005 Currently Available	FY 2006 Base Program	FY 2006 Estimate	Increase/(Decrease) over FY 2006 Base
Direct Obligation	2,897	6,512	-	60	60
Total Obligations	2,897	6,512	-	60	60
Adjustments to Obligations:					
Federal funds	-	-	-	-	-
Trust Funds	-	-	-	-	-
Non-Federal Sources	-	-	-	-	-
Recoveries	-	-	-	-	-
Unobligated balance, adj. SOY	(1,457)	(2,446)	(2,446)	(2,446)	-
Unobligated balance, transferred	-	-	-	-	-
Unobligated balance, end of year	2,446	2,446	2,446	2,446	-
Unobligated balance, recission	-	-	-	-	-
Mandatory Appropriation	(2,897)	(5,144)	-	-	-
Total Budget Authority	989	1,368	-	60	60
Financing from Transfers:					
Transfer to ORF	-	1	-	-	-
Transfer from ORF	-	(247)	-	-	-
Transfer from PCSRA	-	(493)	-	-	-
Net Appropriation	989	629	-	60	60
Appropriation	-	-	-	-	-
	989	629	-	60	60
Mandatory Appropriation	-	-	-	-	-
Net Appropriation	989	629	-	60	60

Department of Commerce
National Oceanic and Atmospheric Administration
Fisheries Finance Program Account
CHANGES TO BASE
(Dollar amounts in thousands)

	FTE	Amount
Adjustments		
Other Changes	-	(1,368)
Subtotal, Adjustments	-	(1,368)
 Total, Changes to Base	-	(1,368)

Department of Commerce
 National Oceanic and Atmospheric Administration
 Fisheries Finance Program Account
JUSTIFICATION OF CHANGES TO BASE

	FTE	Amount
Adjustments		
Other Changes	-	(1,368,000)
Base Reduction - Based on loan repayment for this account, the NOAA loan program are expected to remain at negative subsidy through FY 2006. Therefore, budget authority for this account will not be needed.		
Subtotal, Adjustments	-	(1,368,000)
Total, Changes to Base	-	(1,368,000)

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Appropriation: Fisheries Finance Program Account

GOAL STATEMENT:

Utilize cost-effective financing mechanisms to promote market-based approaches to sustainable fisheries management

BASE DESCRIPTION:

The Fisheries Finance Program (FFP) operates under the authority of Title XI of the Merchant Marine Act of 1936, as amended. The FFP is authorized to finance or refinance the construction, reconstruction, reconditioning, and, in some cases, the purchase of fishing vessels and shoreside processing facilities (Traditional Loans). Title XI of the Merchant Marine Act of 1936, as amended also authorizes FFP to finance or refinance the construction, reconstruction, reconditioning, and, in some cases, the purchase of aquaculture facilities. Section 303(a) of the SFA amendments to the Magnuson-Stevens Act added a new section 1111 to Title XI, which allows the Fisheries Finance Program to finance the cost of capacity reduction (“Buyback”) to reduce overcapitalization of some limited access fisheries. Buyback financing is targeted at preventing or ending overfishing, permitting stocks to rebuild and achieving measurable and significant improvements in the conservation and management of the fishery. Under this provision, the Program would finance the cost of reducing capacity by lending the capital to fishermen to surrender their fishing permits or scrap their vessels. All fishermen remaining in the fishery after capacity reduction repay this financing by a statutory levy on the gross value of the fish they catch. The first shoreside purchasers of the post-reduction fishermen’s catches deduct this levy from what they would otherwise have paid those fishermen for their catches, and forward the levy revenues to the Program to repay the capacity reduction financing. These levies continue on every catch landed by every fisherman in the fishery until the capacity reduction financing is repaid. Before the Program can finance capacity reduction, a Fishery Management Council must propose, and two-thirds of the fishermen in the fishery involved must vote in favor of both the capacity reduction and the landing fee levy. Capacity reduction financing is a way of allowing long-term fishermen to organize and finance the removal of excess competition from their fishery. This form of fisheries decapitalization requires the beneficiaries of decapitalization to repay its cost.

The Sustainable Fisheries Act (SFA) (Pub. L. 104-297) amended section 1104A(a)(7) of Title XI (46 U.S.C. App. 1274) and section 30(d)(4) of the Magnuson-Stevens Fishery and Conservation Act (Magnuson-Stevens Act) (16U.S.C. 1801 et seq.) to authorize financing and refinancing the cost of loans available to entry level fishermen and to fishermen who fish from small boats purchasing Quota Share (“QS”). FFP lending practices are guided by Title XI, general rules implementing Title XI (found at 50 CFR part 253, subpart B), NOAA’s sustainable fisheries policy. All FFP authority is subject to the Federal Credit Reform Act of 1990 (FCRA) (2 U.S.C. 661).

PROPOSED LEGISLATION:

That such costs, including the cost of modifying such loans, shall be defined in section 502 of the Congressional Budget Act of 1974: Provided, That such costs, including the costs of modifying such loans, shall be defined in the Federal Credit Reform Act of 1990: Provided further, that these funds are only available to subsidize gross obligations for the principal amount of direct loans not to exceed \$5,000,000 for Individual Fishing Quota Loans, and not to exceed \$18,900,000 for fishing capacity reduction loans: Provided further, That none of the funds made available under this heading may be used for direct loans for any new fishing vessel that will increase the harvesting capacity in any United States Fishery.

SUMMARIZED FINANCIAL DATA

(Dollars in thousands)

Fisheries Finance Program Account	FY 2004 ACTUALS	FY 2005 CURRENTLY AVAILABLE	FY 2006 BASE PROGRAM	FY 2006 ESTIMATE	INCREASE / DECREASE
Fisheries Financing Program Obligations	989	1,368	-	60	60
TOTAL	989	1,368	-	60	60
FTE	-	-	-	-	-

PROGRAM CHANGES FOR FY 2006:

This account was established in FY 1997 to cover the cost of financing direct loans as authorized by Title XI of the Merchant Marine Act of 1936. The President's Request proposes loan levels of \$5,000,000 for individual fishing quotas, and \$18,900,000 for the Atlantic pelagic longline swordfish buyback. Budget authority of \$60,000 is requested to fund the subsidy costs associated with these loans.

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Department of Commerce
National Oceanic and Atmospheric Administration
Fisheries Finance Program Account
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class		FY 2004 Actuals	FY 2005 Currently Available	FY 2006 Base Program	FY 2006 Estimate	Increase/(Decrease) over FY 2006 Base
11	Personnel compensation					
11.1	Full-time permanent	-	-	-	-	-
11.3	Other than full-time permanent	-	-	-	-	-
11.5	Other personnel compensation	-	-	-	-	-
11.8	Special personnel services payments	-	-	-	-	-
11.9	Total personnel compensation	-	-	-	-	-
11.9	Total Personnel Compensation	-	-	-	-	-
12.1	Civilian personnel benefits	-	-	-	-	-
13.1	Benefits for former personnel	-	-	-	-	-
21.1	Travel and transportation of persons	-	-	-	-	-
22.1	Transportation of things	-	-	-	-	-
23.1	Rental payments to GSA	-	-	-	-	-
23.2	Rental payments to others	-	-	-	-	-
23.3	Communications, utilities and miscellaneous charges	-	-	-	-	-
25.2	Other services	-	-	-	-	-
26.1	Supplies and materials	-	-	-	-	-
31.1	Equipment	-	-	-	-	-
32.1	Lands and structures	-	-	-	-	-
33.1	Investments and loans	-	-	-	-	-
41.1	Grants, subsidies and contributions	2,897	6,512	-	60	60
42.1	Insurance claims and indemnities	-	-	-	-	-
43.1	Interest and dividends	-	-	-	-	-
44.1	Refunds	-	-	-	-	-
99	Total Obligations	2,897	6,512	-	60	60
	Plus Unobligated Balance, End Of Year	2,446	2,446	-	-	-
	Less Unobligated Balance, Start of Year	(1,457)	(2,446)	-	-	-
	Mandatory Appropriation	(2,897)	(5,144)	-	-	-
	Total Budget Authority	989	1,368	-	60	60

Department of Commerce
 National Oceanic and Atmospheric Administration
 Fisheries Finance Program Account
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
 (Dollar amounts in thousands)

Object Class	FY 2004 Estimate	FY 2005 President's Budget	FY 2006 Base	FY 2006 Estimate	Increase/ (Decrease) over FY 2006 Base
Personnel Data					
Full-Time equivalent Employment:					
Full-time permanent	-	-	-	-	-
Other than full-time permanent	-	-	-	-	-
Total	-	-	-	-	-
Authorized Positions:					
Full-time permanent	-	-	-	-	-
Other than full-time permanent	-	-	-	-	-
Total	-	-	-	-	-